

University of Mississippi

eGrove

Newsletters

American Institute of Certified Public
Accountants (AICPA) Historical Collection

3-2007

Practicing CPA, vol. 31 no. 3, March/April 2007

American Institute of Certified Public Accountants (AICPA)

Follow this and additional works at: https://egrove.olemiss.edu/aicpa_news



Part of the [Accounting Commons](#), and the [Taxation Commons](#)

Recommended Citation

American Institute of Certified Public Accountants (AICPA), "Practicing CPA, vol. 31 no. 3, March/April 2007" (2007). *Newsletters*. 1797.

https://egrove.olemiss.edu/aicpa_news/1797

This Book is brought to you for free and open access by the American Institute of Certified Public Accountants (AICPA) Historical Collection at eGrove. It has been accepted for inclusion in Newsletters by an authorized administrator of eGrove. For more information, please contact egrove@olemiss.edu.

The Practicing

CPA



www.pcps.org

THE NEWSLETTER OF THE AICPA PRIVATE COMPANIES PRACTICE SECTION

Inside

- 3 An opportunity to benchmark your firm by obtaining the most comprehensive study of CPA firms nationally
- 3 To help small businesses cope with compliance obligations, the Small Business Administration revamped its Business.gov Web site.
- 4 A CPA firm finds a more productive software program that also allows them to offer clients an additional service.
- 5 Two recent reports offer insight into what motivates the upcoming generation of prospective recruits.
- 6 A family business consultant offers guidance on sustaining family businesses.
- 7 PCPS Update
- 8 IFAC proposes revised independence standards
- 8 Generally Accepted Privacy Principles published

March/April 2007

The Graying of the Profession

One morning, I woke up, looked in the mirror, and realized that I had become gray. Like so many in our profession, I am not getting younger. Then I thought, "What will be the consequences of so many of us aging?" Then, I thought about how I got to where I am in our profession. About 24 years ago, I was sitting across a desk from my divorce attorney, who asked me, "How much is your accounting practice worth?" I told him that I had no idea. He told me he used CPAs to value businesses for divorces and urged me to find out more. It took a while, but I tracked down the only book on the subject that I could find, the first edition of *Valuing a Business* by Shannon Pratt, a well-respected professional in the field, who is considered the "godfather" of business valuation. As a result of my divorce, I discovered a new direction for my practice, which I pursued by concentrating on business valuation. Ironically, I am currently performing a technical review of the fifth edition of *Valuing a Business*.

What is the point of my story? The aging of so many of us will be a serious problem for the profession if we do not do something about it. What will happen to our profession ten years from now as we start to retire? Are we training our employees to succeed us? Not only are we not doing a good job in this regard, but also it is much more difficult today for the youth of our profession to gain the level of knowledge and experience that we have achieved. These times are very different, and so is the profession. When I wanted to learn more about business valuation, I had trouble finding a book on business valuation, but today, our office has eleven bookshelves

of books on business valuation and related topics. This means that in order for the younger professionals to get up to speed, they have to read extensively over a much shorter time than the 24 years that I had to become both gray and knowledgeable. Although technology has changed, the tasks of reading and studying large amounts of material have not. They take a lot of time.

At the end of the day, what this really means is that we have to recruit, groom, and retain the right individuals to enable the profession to continue. Today, the pressure for billable hours, even at the partner level, is more intense than ever before. We must find the correct balance between billing that last hour each day and working with our staff to help develop the expertise they will need to eventually take over the profession. How many firms have either been sold or merged because the senior partners did not have an exit strategy? Our youth is our future, but it takes hard work and a dedicated effort to groom them to be the future leaders of our firms and the profession.

Fostering growth, success, and loyalty

At our firm, the partners both spend an extraordinary amount of time nurturing our staff. We try to get staff as excited as we are about what we do. We want our subordinates to feel that they are an important part of the team, and that we really care about seeing them grow and succeed. Our feelings are that we have pretty good résumés, but now our job is to help the staff accumulate experience as well. Our hopes are that if we motivate them properly, compensate them fairly, and provide a pleasant work environment, they will not use their improved résumés

continued on next page

By Gary Trugman, CPA/ABV,
MCBA, ASA, MVS

to look for new jobs. Let me be clear—our efforts have not always worked out as well as we would have liked. On occasion, we invested a lot of time and effort in a staff person who left our firm for greener pastures or who was not willing to make the commitment to us that we made to them. Although the return on your investment of time and resources is sometimes disappointing, you cannot be deterred from trying again with someone else.

We encourage our staff to gain the various certifications available in business valuation. This gives them a sense of accomplishment and, at the same time, makes it easier for clients to accept them as credentialed individuals. Even before they become credentialed, we have them sign the certification, a required part of our business valuation reports, so that they take ownership of the report that they have been instrumental in constructing. Making them feel like a part of the team is a great motivator. I always enjoy watching a new staff person sign his or her first report. Something in their eyes says, "Look what I have accomplished."

Meeting with clients

Grooming staff is also an important part of providing for the future. We take staff to client meetings, even if their time is not billable, so they can see what takes place at these meetings and how they are conducted, which allows them to learn the "soft" stuff that they cannot learn by reading a book or going to a seminar. In many cases, the drive to the meeting is an opportunity to discuss what we think will take place, what we want to accomplish, and how we plan to make it happen. On the way back to the office, we get to recap what just happened and answer any questions that the staff person may have about what will happen next. Once again, make the staff person become part of the team, and work with him or her.

By the time we get back to the office, things will need to be done to keep the assignment moving. Once we give the staff person direction and guidance, we generally let him or her run the job. Every so often, we check to make sure he or she is doing all right. This allows us to answer questions early in the process before the questions become problems, and we are able to provide guidance while upholding our responsibility to properly supervise the staff. After a staff person tells me he or she did something a certain way, I like to ask, "Why?" I have him or her explain to me the thought

process underlying the decisions made, and try to provide alternatives to solve the same problem. That said, since business valuation includes a great deal of subjectivity, rarely do I change the staff person's judgment unless it is clearly wrong. I want my staff to know that I respect their opinions, and as long as they provide a supportable opinion, I am not going to overrule them. This is a great confidence builder for the staff person.

Learning the facts of practice management

Part of the grooming process also includes teaching the staff the technical as well as the business side of running a business valuation practice. We have all had great technicians work for us who could not sell a new assignment, or run the practice. So here, too, we need to spend time with them. We bring staff with us to certain sales opportunities. We have a booth at several trade shows and encourage staff to be there with us so they can observe us when we are speaking with prospective referral sources or clients. We give them the opportunity to speak with people as well. We also provide a bonus to them for all new assignments that they bring into the firm.

In addition to selling opportunities, we also review client billing, staff productivity reports, marketing plans, and other items that allow them to understand how we run the firm. We help them understand the economics of running a professional firm, which in turn helps them understand the importance of billable time and the correct setting of hourly rates.

The graying of our profession simply means that we need to make a concerted effort to recruit and groom our successors. In an environment such as ours, a business valuation and litigation practice, we have to find the right balance between billable hours and personal development of the staff. We must be more giving with our time and, in some cases, money, if we are going to educate these individuals and prepare them to take over the role of the gray-haired group that they will be replacing some day. And yes, one of my greatest fears has come true—I am part of the gray-haired group that will be replaced. Nevertheless, having gray hair increases the impression that I have wisdom, which, as an expert witness, isn't the worst thing in the world. Maybe being gray really isn't that bad!

Gary R. Trugman, CPA/ABV, MCBA, ASA, MVS is a founding partner of Trugman Valuation Associates, Plantation, FL

The Practicing CPA (ISSN 0885-6931) March/April 2007, Volume 31, Number 3. Publication and editorial office: 220 Leigh Farm Road, Durham, NC 27707. Copyright 2007 AICPA. Printing and mailing paid by PCPS/The AICPA Alliance for CPA firms. Opinions of the authors are their own and do not necessarily reflect policies of the AICPA.

Editor: William Moran.

Editorial Advisors: Robert F. Fay, Canton, OH; Theodore J. Flynn, Boston, MA; W. Carl Glaw, Houston, TX; Lewis Hall, Glen Allen, VA; DeAnn Hill, Baxter Springs, KS; Roman Kepczyk, Phoenix, AZ; Edward J. Knauf, Rochester, NY; Frederick R. Kostecki, Saint Louis, MO; David K. Morgan, Brentwood, TN; Bea L. Nahon, Bellevue, WA; William Pirolli, Warwick, RI; Eric Rigby, New Orleans, LA; Herb Schoenfeld, Woodbury, NY; Michael Shost, Dallas, TX; Ronald Thompkins, Miami, FL.

How Is Your Firm Doing?

Every CPA firm can benefit from knowing how it stacks up against competitors and others in the profession. Once again, PCPS offers members an opportunity to benchmark and gain an understanding of how they compare. PCPS has collaborated with the Texas Society of CPAs (TSCPA) to conduct the most comprehensive benchmarking study of CPA firms nationally. This year's study, the fourth joint effort of PCPS and TSCPA, included nearly 2,000 firm participants.

In the broader context of earlier, recent studies sponsored by PCPS, the MAP Survey supports their findings. For example, the recent PCPS Top Issues in Practice Management survey found that the most important issue for small firms was recruiting and retaining qualified staff. The second most important issue was succession planning. The MAP Survey, however, confirms that despite the priority given to these issues, some CPA firms fail to take the necessary steps to ensure succession.

An earlier PCPS study found that 89% of firms did not have a partner-in-training program. The MAP Survey finding is similar. The Survey results suggest that firms may put themselves at a competitive disadvantage in their efforts to recruit and retain staff.

The importance of career development programs was corroborated also by the results of another PCPS-sponsored Top Talent Study. In this study, CPA firm managing partners asked their most highly valued nonpartner employees about their expectations for advancement opportunities, benefits, and firm culture, and about the impact of these factors on their decisions to join or stay with a firm. Career growth opportunities influenced the decision of the 80% of study participants to accept a position with a firm.

Concerning career growth opportunities, the MAP Survey reveals that, although firms offer training and professional development, the amount invested in related initiatives may be inadequate. Overall, firms spent 0.8% of their expenses on continuing professional education, an average of \$12,890. This amount is the same as what firms spent on telephone and Internet costs; it is also less than promotion and marketing costs. In view of this data, firms may want to strengthen their staff retention efforts by investing more substantially in training and development programs.

The MAP Survey alerts CPA firms to the need to offer career growth opportunities to young professional staff and to plan for smooth succession, but also

provides a wealth of information on day-to-day management issues. Among them are the following:

- *Growth*: how much and how they did it
- *Where the money is*
- *What's remaining for owners*
- *What people are paid*
- *The best benefits*
- *What firms bill clients*
- *Realization rates*
- *Leverage*
- *Service mix*

Firms can benchmark their own results against the MAP Survey findings. Firms that participated in the survey have received a comparison of their data with the overall results. Firms that did not participate, however, can compare their data with the national findings. PCPS member firms can download the entire results as a member benefit; non-PCPS firms can purchase a copy of the national report at <http://map.pcps.org/run/map6buy2>.

One Stop for Federal Compliance Information

Small business owners can save time and money searching for compliance information, forms, and contacts by going to the Business.gov Web site.

The average small business owner spends \$7,647 per employee staying in compliance with government regulations, according to the U. S. Small Business Administration's Office of Advocacy. That is 45% more per employee than larger firms spend. To help small businesses cope with their compliance obligations, the Small Business Administration has revamped its Business.gov Web site (<http://Business.gov>) to provide a single site that business owners can turn to for all their federal and state compliance information. Business.gov searches for compliance news, information, and federal forms from nearly 100 government Web sites and can compile government compliance contact information from throughout the federal government. Business.gov contains keyword, industry, and topic specific searches, includes all federal forms from Forms.gov, and lists compliance contacts from government agencies. Compliance resources for state and local governments are also accessible from Business.gov.

Corralling Complexity

Searching for a more efficient and accurate software program for financial projections, a CPA firm finds not only a more productive alternative but also an opportunity to offer clients an additional service.

Among the many software applications used by CPA firms and their clients are spreadsheet applications, especially Microsoft Excel. Practitioners and their clients rely on Excel and similar spreadsheet programs for information needed to make a variety of decisions. In fact, according to Gartner Research's "Recognize the Risk of Uncontrolled Spreadsheets," "Virtually every material financial statement produced by an enterprise-size organization includes data processed wholly or in part through spreadsheets—of which Microsoft Excel is by far the most widely used." (www.prodiance.com/sustainingsox.html).

However, as versatile and functional spreadsheets may be, circumstances arise that make their limitations obvious—and perhaps perilous. The user may then face a dilemma: Make do or search for a more productive alternative. The dilemma is exacerbated by the probability that an alternative, however more useful and appropriate it may be, will require an investment of time for searching for and learning the program as well as of financial resources.

That there can be a return on such an investment is illustrated by the experience of Matt Kay, Director of Strategic Consulting for Boston-based Vitale Caturano & Company. Not only did Kay find a viable alternative, but his firm also built a new practice around the alternative.

Expertise isn't always enough

In his position, Kay created very sophisticated financial models for clients, helping to develop financial projections with such objectives as raising venture capital, obtaining bank financing, completing mergers or acquisitions, or planning new businesses or products. Like most who do this kind of work, Kay used Microsoft Excel spreadsheets. Although he was expert in using Excel, Kay was aware of tales of multimillion-dollar errors in Excel caused by someone's entering a figure or value that erased a formula. He was aware too that banks and investment firms, lacking confidence in Excel's reliability, often completely rebuild financial

models created in Excel spreadsheets.

Kay realized an alternative program was needed after he began work for a real estate development client involving 30 separate entities and more than 1,000 variables driving the model. Adding to the complexity of the project was having to present the financial statements from two perspectives: the combined portfolio under management as well as from a more straightforward management company perspective. The result was an exceptionally complex spreadsheet that took 45 minutes to recalculate after a figure was changed, making it ineffective as a practical business tool. Investment decisions depended on this work, so Kay needed a better solution quickly.

Finding an alternative

Kay found an alternative to the complex spreadsheet after an Internet search. His objective in his search was to find a product that would drive efficiency and improve accuracy without breaking the bank. He considered several similar products including those offered by Argus, Aplix, Budget Maestro, Circle Developer (Realm software), Cognos, Hyperion, Microsoft Forecaster, and Prophix. Kay settled on Whitebirch Software's Projected Financials, a financial modeling and planning software solution based on a library of financial components with built-in logic that defines their interaction with, and how they fit into, the financial statements. The system is designed to assist in preparing financial statements.

"Functionality," Kay said, "was key in choosing. This choice significantly reduces the number of formulas that need to be created, thereby providing more accuracy. It also has the capability of combining financial statements and consolidating them in a variety of ways." What would enhance the software is the ability to integrate with third-party type systems and to import data in volume.

The software is user-friendly for the small business, Kay said, and is at the right price point for the small business. The learning curve required is also appropriate for small business. Vitale Caturano has been using the software since March 2006. After the initial implementation of the software platform at Vitale, there was a learning curve that weighed down on the realization of billable hours. Although this was expected, it took a few months to achieve a level of productivity similar to the level previously possible with Excel. During this period, the reduced productivity was offset by the built-in accuracy of the statements due to the safeguards of the software, which substantially made the migration to the product worthwhile. Since then, however, productivity has risen sharply as the product automates many financial statement tasks and at the same time enforces data

Practitioners Symposium

June 4-6, 2007 • Sheraton Wild Horse Pass
Chandler (Phoenix), AZ

PCPS MEMBERS:

**Register by 5/1/07
& Save \$175
off regular member rate!**

- Use Code SECTION100
to receive the discount
- Hotel Reservation Cutoff Date: 5/4/07
- Pre-Conference Optional Workshops:
Sunday, June 3

Raise the bar for your practice with an action plan for success

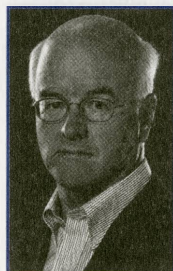
The Event

The **Practitioners Symposium**, developed by the practitioner for the practitioner, helps you build a strong foundation for your firm's success — through solutions-driven workshops and insight from leaders who once faced your same challenges. This unique symposium offers you key insights into best practices and managing change, as well as practical applications — suggestions for implementing new ideas. From the Washington Advocacy Issues Update and Updates to the Yellow Book, to Wealth Preservation and Personal Financial Planning — there are more than 50 concurrent sessions to choose from. So that every practitioner, including the sole practitioner, has the flexibility to create a personalized program. The perfect springboard to expand the scope of your practice, this symposium provides insight into areas such as support technologies, staffing solutions and compliance updates. And that's just a taste of what you'll get. So be sure to register early — and take your practice to the next level.

Who Should Attend

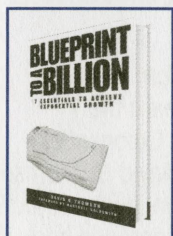
Public practitioners at the senior level, partners, sole practitioners, shareholders, administrators, marketing directors and senior level professional staff.

Perfect opportunity for a staff retreat!



Keynote Speaker: David Thomson

David G. Thomson has a passion for innovation, business-building and leadership. His unquenchable thirst for identifying the difference-making traits of the most successful high growth businesses led him to a deep inquiry into the growth and management traits of America's highest growth companies. Thomson's recently released (John Wiley & Sons Publishing, January 2006) *Blueprint to a Billion: 7 Essentials to Achieve Exponential Growth* provides the first quantitative identification of the success patterns common across this distinctive group of "Blueprint Companies". During the research period, Thomson presented early findings to over one thousand Fortune 500 executives, small company CEOs and investors to test his findings and gain insight to dig even deeper.



All conference attendees will receive a copy of *Blueprint to a Billion*

Microsoft, Google, eBay, Staples, Genentech, Starbucks, Nike and Harley Davidson . . . these are just a few examples of an elite group of companies that have managed to turn billion dollar ideas into billion-dollar businesses. What did these and other high-growth companies do to achieve such a goal? What blueprint do they follow to produce such results? Based on three years of in-depth research, David Thomson's *Blueprint to a Billion™* provides the first quantitative assessment of the success pattern common across a distinct group of 387 "Blueprint Companies" — the 5% that have IPO'd since 1980 and grown to \$1 billion in revenue. They represent America's highest growth companies; they uniquely achieved exponential revenue growth and returns.

Thank You to Our Gold Sponsors!

PAYCHEX®



www.cpa2biz.com/conferences

888.777.7077

Conference agenda

TRACKS: **A&A** - ACCOUNTING & AUDITING

MAP - MANAGEMENT OF AN ACCOUNTING PRACTICE

T - TAX

Topics, Speakers, and Agenda are subject to change

SUNDAY, JUNE 3 PRE-CONFERENCE OPTIONAL WORKSHOPS

(additional fee)

7:00 am – 5:00 pm	Registration & Message Center Open
8:00 am – 11:00 am	101 Sole Owner Retreat
9:00 am – 5:00 pm	102 Leadership and You: Turbo Charge Your Ability to Influence Others
11:00 am – 2:00 pm	103 PCPS Roundtable Luncheon (Complimentary for PCPS Members)
2:00 pm – 5:00 pm	104 Small Firm Advantage

MONDAY, JUNE 4 MAIN CONFERENCE — DAY ONE

7:00 am – 5:35 pm	Registration & Message Center Open
7:00 am – 8:00 am	Continental Breakfast
8:00 am – 8:10 am	Welcome and Introduction
8:10 am – 9:50 am	General Session 1 Update on the Profession
9:50 am – 10:20 am	Refreshment Break and Vendor Display
10:20 am – 11:50 am	Concurrent Sessions (<i>Select one</i>)
MAP	2 Making Personal Financial Planning and Financial Services an Integral Part of Your Practice
A&A	3 Yellow Book and Single Audit Standard Update
T	4 Wealth Preservation: Financial Aspects of Healthcare & Aging (Part 1)
MAP	5 How to Be an Employer of Choice: Keeping Good Staff Happy
11:50 am – 1:10 pm	Lunch with Speaker L1 Washington Advocacy Issues Update
1:10 pm – 2:25 pm	Concurrent Sessions (<i>Select one</i>)
MAP	6 Selling Your Services
A&A	7 ARSC Update
T	8 Wealth Preservation: Back to Basics (Part II)
SK	9 Performance Review and Effective Feedback
2:25 pm – 2:35 pm	Change Break
2:35 pm – 4:05 pm	Concurrent Sessions (<i>Select one</i>)
MAP	10 Marketing and Branding Your Firm

A&A	11 Analytical Review Procedures for Audit & Review Engagement
T	12 Current Tax Saving Ideas in Real Estate
MAP	13 Relationships, Leadership and Partnerships
4:05 pm – 4:35 pm	Refreshment Break and Vendor Display
4:35 pm – 5:35 pm	Concurrent Sessions (<i>Select one</i>)
MAP	14 Are You Ready for a Firm Administrator?
A&A	15 Risk Assessment Mechanics for a Small Firm
T	16 Tax Planning for CPA Firms and Their Clients
MAP	17 How to Build Great Client Relationships and Get Rewarded For It
5:45 pm – 6:45 pm	Welcome Reception

TUESDAY, JUNE 5 MAIN CONFERENCE — DAY TWO

7:00 am – 5:55 pm	Registration & Message Center Open
7:00 am – 8:00 am	Continental Breakfast
7:00 am – 7:50 am	Early Riser Sessions (<i>Select one</i>)
	201 2006 MAP Survey Results — How Does Your Firm Measure Up? (Part I)
	202 Emerging Trends in Small to Mid-Sized Businesses
	203 Maximizing Your Peer Review
	204 Seasonality Success
8:00 am – 8:10 am	Introductory Remarks
8:10 am – 9:50 am	Keynote Address 18 <i>Blueprint to a Billion</i> David G. Thomson: Learn the 7 Essentials to Achieve Exponential Growth from author David G. Thomson, a renowned innovation, business-building and leadership expert. His book is #1 on the CEO's must read list.
9:50 am – 10:20 am	Refreshment Break and Vendor Display
10:20 am – 11:50 am	Concurrent Sessions (<i>Select one</i>)
MAP	19 What They Don't Teach You in Business School About Becoming a Great Partner

Sponsored By



AICPA Practitioners Symposium

	A&A	20 FASB Update
	T	21 Tax Planning for High Income Individuals (Part I)
	MAP	22 How to Set Up and Implement a Training Program in Your Firm
11:50 am – 1:10 pm		Lunch With Speaker L2 Stepping Up to The Plate — How to Identify & Develop Future Champions, Leaders & Influences
1:15 pm – 2:30 pm		Concurrent Sessions (<i>Select one</i>)
	MAP	23 Unlocking the Door to New Peer Review Opportunities
	A&A	24 HUD Update
	T	25 Tax Planning for High Income Individuals (Part II)
	MAP	26 10 Ideas That Really Work to Recruit & Retain Staff
2:30 pm – 2:40 pm		Change Break
2:40 pm – 4:10 pm		Concurrent Sessions (<i>Select one</i>)
	E	27 Ethics & Independence Update
	A&A	28 Behavioral Profile of a Liar
	T	29 Federal Income Tax Update
	MAP	30 Innovative Staff Compensation Systems
4:10 pm – 4:40 pm		Refreshment Break and Vendor Display
4:40 pm – 5:55 pm		Concurrent Sessions (<i>Select one</i>)
	MAP	31 Implementing Value Pricing
	A&A	32 AICPA Governmental Auditing Update
	T	33 College Financial Aid & Paying for College
	MAP	34 Managing Conflict Successfully, If Not Cheerfully
6:00 pm – 7:00 pm		Optional Participant Roundtables

WEDNESDAY, JUNE 6 MAIN CONFERENCE — DAY THREE

7:00 am – 12:50 pm	Registration & Message Center Open
7:00 am – 8:00 am	Continental Breakfast
7:00 am – 7:50 am	Early Riser Sessions (<i>Select one</i>)

		301 2006 MAP Survey Results — Putting it into Action: Making Your Firm a Top Performer (Part II)
		302 Make Mentoring Happen
		303 Closing Your Doors to Bad Clients
		304 How the New AICPA BV Standards Will Effect Your Practice
8:00 am – 9:30 am		Concurrent Sessions (<i>Select one</i>)
	MAP	35 Firm Issues Forum
	A&A	36 Auditing Standards Update
	T	37 Benefit Strategies to Help Manage Health Care Costs
	MAP	38 Technology Management for the Small Firm
9:30 am – 9:40 am		Change Break
9:40 am – 11:10 am		Concurrent Sessions (<i>Select one</i>)
	MAP	39 Creating a Winning Succession Plan for Your Firm
	A&A	40 An Enterprise Risk Management Approach for Small Business
	T	41 Update on Retirement Plans Including Recent Law Changes
	MAP	42 Gadget Royale
11:10 am – 11:20 am		Change Break
11:20 am – 12:50 pm		Concurrent Sessions (<i>Select one</i>)
	MAP	43 Merger — 10 Things to Do to Make Your Merger Work
	A&A	44 ERISA/Benefit Plan Update
	T	45 Current Year Cases & Rulings: An Update
	MAP	46 The Digital Office: Your Survival Guide
12:50 pm		Conference Adjourns

Registration information

4 WAYS TO REGISTER

- ① **ONLINE***: www.cpa2biz.com/conferences ② **PHONE***: 1-888-777-7077 or 1-919-402-4500 ③ **FAX***: 1-800-870-6611 or 1-919-402-4670
④ **MAIL**: Complete and mail the form to: **AICPA Conference Registration, PO Box 51747, Durham, NC 27717** *Credit Card Registration Only

RECOMMENDED CPE CREDIT

Up to 25 (main conference) and up to 7 (optional workshops)
This conference was prepared in accordance with the Joint AICPA/NASBA Statement on Standards for Continuing Professional Education (CPE) Programs effective on January 1, 2002. The recommended CPE Credits are in accordance with these standards; however, your individual state board is the final authority on the acceptance of programs for CPE credit.

CONFERENCE FEE

Registration fees are determined by current membership status in the PCPS of the AICPA. Please indicate member number on the registration form to obtain the correct discount. Fee for conference includes all sessions, conference materials, continental breakfasts, refreshment breaks, luncheons and reception. Fee for optional workshops include all session materials and refreshment breaks. Registration for groups of 2 or more individuals per organization may qualify for group discounts. Please visit www.cpa2biz.com/conferences for more information. Groups of 10 or more individuals per organization may qualify for additional discounts, please email service@aicpa.org for more information and indicate "Group Conference Sales" in the subject line of your email.

Please note: there is no smoking during the conference sessions.

Suggested attire: business casual.

Prices, Topics, Speakers, Fields of Study and Agenda are subject to change without notice.

Program Code: PS07

CANCELLATION POLICY

Full refunds will be issued if written cancellation requests are received by 5/14/07. Refunds, less a \$100 administrative fee, will be issued on written requests received before 5/28/07. Due to financial obligations incurred by AICPA, no refunds will be issued on cancellation requests after 5/28/07. For further information, call **AICPA Service Center** at 1-888-777-7077.

HOTEL AND GROUND TRANSPORTATION INFORMATION

Contact the hotel directly to obtain their policy on reservations, deposits and cancellations. Rooms will be assigned on a space-available basis only. Note, this conference is expected to sell out, so please make hotel arrangements as soon as possible. To receive our special group rates mention and that you will be attending the **AICPA Practitioners Symposium**.

Sheraton Wild Horse Pass Resort & Spa,
5594 West Wild Horse Pass Boulevard, Chandler, AZ, 85226

Hotel Phone: (602) 225-0100 **Hotel Reservations:** (800) 325-3535
Hotel Room Rate: \$179 single/double **Hotel Reservation Cutoff Date:** May 4, 2007

Please note: AICPA members are entitled to free membership in the Corporate Preferred Level of the **Starwood Preferred Guest Program (SPG)**; where you can accrue points and qualify for special benefits. If you haven't already done so, we encourage you to sign up today at: <http://www.cpa2biz.com/Affinity/Starwood.htm>.

The Sheraton Wild Horse Pass Resort & Spa is a Starwood Property. Present your SPG membership number upon check-in or when making your reservation to receive valuable Starpoints for your stay.

Ground Transportation — to and from the hotel and airport (please note: rates and times are approximate). The Sheraton Wild Horse Pass Resort & Spa is located 11 miles from the airport and 15 miles from downtown Phoenix.

Taxi: \$38 each way, 30 minutes **Sedan service:** Transportation Inc. \$45.00 per person, 30 minutes. Must be reserved in advance, please call (602) 374-9542 (6 am – 6 pm).
Shuttle: Super Shuttle makes multiple stops, \$15.00, up to 1.5 hours **Hotel Parking:** Valet – \$18 per day, Self – complimentary

AIRLINE INFORMATION

The AICPA has a special arrangement with **Maupin Travel, Inc. of North Carolina** to assist you with your travel arrangements. This travel agency may be reached at **1-800-345-5540**. If you prefer to make your own travel plans, be sure to mention the participating airline's reference number (listed below) to take advantage of deeply discounted "Zone Fares" that do not require a Saturday night stay over. Discounts are valid for round trip registered AICPA meetings or conferences only. **Some restrictions may apply.**

American Airlines	1-800-221-2255	Index #19330
Delta Air Lines	1-800-221-1212	Refer to US723852916
United Airlines	1-800-521-4041	Refer to Meeting ID #531SI

For up-to-date airline information regarding special travel discounts, please visit www.cpa2biz.com/conferences.

Due to recent airline industry fare restructuring, we cannot guarantee that the above group travel agreements will be in effect at the time when you are making your travel arrangements. Please contact the airline and/or your travel agency for latest applicable discounts and arrangements.

CAR RENTAL

Hertz Car Rental — **AICPA Member Discounts:** Call **1-800-654-2240**. Ref. Code **CV#021H0014**.

Airline and car rental discounts are available only when you or your travel agent book through the 1-800 number. We strongly advise you to confirm your conference registration and hotel reservation prior to making your travel plans. The AICPA is not liable for any penalties incurred if you cancel/change your airline reservations.
Rates are subject to availability.

Registration form

PCPS members use promotional code **SECTION100** to receive discount

MEMBERSHIP INFORMATION

Very important — please be sure to complete.

AICPA Member? ☐ Yes ☐ No _____
PCPS Member? ☐ Yes ☐ No _____
Membership No. (Required for discount prices)

NICKNAME FOR BADGE BUSINESS TELEPHONE

TITLE

E-MAIL ADDRESS

REGISTRATION INFORMATION

Please photocopy this form for additional registrants. If the information on your label is incorrect, please complete the following:

LAST NAME FIRST NAME MI

FIRM NAME OR AFFILIATION

STREET ADDRESS SUITE PO BOX

CITY STATE ZIP

CONFERENCE FEES Please circle appropriate rate.

MAIN CONFERENCE	PCPS Member	AICPA Member	Nonmember
<input type="checkbox"/> M02 Early Bird Discount SAVE \$75 by 5/1/07	\$670	\$770	\$970
<input type="checkbox"/> M01 Regular Registration	\$745	\$845	\$1,045
<input type="checkbox"/> M03 Group Registration 2 or More	\$645	\$745	\$945

PRE-CONFERENCE WORKSHOPS — SUNDAY, JUNE 3 (additional fee)

<input type="checkbox"/> 101 8:00am-11:00am	\$125	\$125	\$125
<input type="checkbox"/> 102 9:00am-5:00am	\$300	\$300	\$300
<input type="checkbox"/> 103 11:00am-2:00am	complimentary	N/A	N/A
<input type="checkbox"/> 104 2:00am-5:00am	\$125	\$125	\$125

Total \$ \$ \$

CONFERENCE PLANNER

Select one from each time period. To ensure that adequate seating is reserved for the conference sessions, you must complete this section in advance of the conference.

MONDAY, JUNE 4	Concurrent Sessions			
10:20 am – 11:50 am	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
1:10 pm – 2:25 pm	<input type="checkbox"/> 6	<input type="checkbox"/> 7	<input type="checkbox"/> 8	<input type="checkbox"/> 9
2:35 pm – 4:05 pm	<input type="checkbox"/> 10	<input type="checkbox"/> 11	<input type="checkbox"/> 12	<input type="checkbox"/> 13
4:35 pm – 5:35 pm	<input type="checkbox"/> 14	<input type="checkbox"/> 15	<input type="checkbox"/> 16	<input type="checkbox"/> 17
TUESDAY, JUNE 5	Concurrent Sessions			
7:00 am – 7:50 am	<input type="checkbox"/> 201	<input type="checkbox"/> 202	<input type="checkbox"/> 203	<input type="checkbox"/> 204
10:20 am – 11:50 pm	<input type="checkbox"/> 19	<input type="checkbox"/> 20	<input type="checkbox"/> 21	<input type="checkbox"/> 22
1:15 pm – 2:30 pm	<input type="checkbox"/> 23	<input type="checkbox"/> 24	<input type="checkbox"/> 25	<input type="checkbox"/> 26
2:40 pm – 4:10 pm	<input type="checkbox"/> 27	<input type="checkbox"/> 28	<input type="checkbox"/> 29	<input type="checkbox"/> 30
4:40 pm – 5:55 pm	<input type="checkbox"/> 31	<input type="checkbox"/> 32	<input type="checkbox"/> 33	<input type="checkbox"/> 34
WEDNESDAY, JUNE 6	Concurrent Sessions			
7:00 am – 7:50 am	<input type="checkbox"/> 301	<input type="checkbox"/> 302	<input type="checkbox"/> 303	<input type="checkbox"/> 304
8:00 am – 9:30 am	<input type="checkbox"/> 35	<input type="checkbox"/> 36	<input type="checkbox"/> 37	<input type="checkbox"/> 38
9:40 am – 11:10 am	<input type="checkbox"/> 39	<input type="checkbox"/> 40	<input type="checkbox"/> 41	<input type="checkbox"/> 42
11:20 am – 12:50 pm	<input type="checkbox"/> 43	<input type="checkbox"/> 44	<input type="checkbox"/> 45	<input type="checkbox"/> 46

PAYMENT INFORMATION Full payment must accompany registration form.

My check for \$ _____ payable to **AICPA** is enclosed.

OR Please bill my credit card for \$ _____.

☐ AICPA VISA® Credit Card* ☐ American Express® ☐ Diners Club®
☐ Discover® ☐ MasterCard® ☐ VISA®

*If you don't presently have an AICPA VISA® Credit Card, please call **1-866-CPA-VISA** for more information or to apply for the card.

CARD NO. EXP. DATE

BILLING NAME

SIGNATURE

In accordance with the Americans with Disabilities Act, do you have any special needs?

☐ Yes ☐ No (If yes, you will be contacted.)

integrity, thereby providing a true double benefit. "The closest analogy that I could draw for this product," Kay said, "is that it is to accountants what Autocad is to architects."

Expanding services

In addition to successfully completing the engagement mentioned above by using Projected Financials, Vitale Caturano has started a service called Vitale Financials, which uses this modeling software to compute financial projections for complex, multientity clients. The Web-based Projected Financials system is hosted in Vitale's secure data center. It allows users to work in real time, collaborating with colleagues, investors, and partners to test and revise assumptions. More quickly and more accurately, Vitale Financials' clients can build financial models and plans. In a press release, Whitebirch Software cited Vitale Financials' ability, with many prebuilt industry templates, to facilitate:

- Accelerated capital expenditure planning
- Flexible human resources budgeting
- Sophisticated debt and equity modeling
- Automated expense allocations
- Easier revenue modeling

Among the clients who benefited from Vitale Financials' new capability is OHC Development LLC, a Massachusetts-based developer of housing communities, which used reliable financial projections to raise equity financing to fund construction projects. Brian Falvey, OHC Development's COO, said, "We have a complex business structure that is difficult to model. With the expertise of the Vitale team, we build a comprehensive multientity model that enables us to prove our financial case to investors."

For some clients, Vitale hosts the product; for some, they build the models. The fees charged to clients include support and developmental fees.

Matt Kay can be contacted at Matthew.Kay@vitale.com and 617-241-1195.

FYI

The Private Companies Practice Section, an alliance of the AICPA, represents more than 6,000 local and regional CPA firms. The goal of PCPS is to provide member firms with up-to-date information, advocacy, and solutions to challenges facing their firms and the profession. Please call 1-800-CPA-FIRM for more information.

Profiles of Potential Recruits

Here are brief summaries of two recent reports on studies conducted of the generation that's coming into the work force. The studies offer some insights into what motivates the upcoming generation of employees.

On January 9, 2007, the Pew Research Center released "A Portrait of 'Generation Next.'" The report is based on a survey of 1,501 adults, including 579 Generation Nexters, people ages 18 to 25 (born between 1981 and 1988). The report focuses on Generation Nexters' lives, goals, and politics. Generally happy with their lives and optimistic about their futures, Generation Nexters believe that job and educational opportunities are better for them today than they were for young adults twenty years ago. Most see marriage, children, and an established career in their future. Most also say that their generation's top goals are fortune and fame. For approximately 80% of the survey participants, getting rich is either the most important or second most important goal in their lives.

The Pew report offers little more specific information about Generation Next's attitudes toward business and work. However, the study reveals that they are comfortable with globalization and new ways of doing work. More than any other age group, the Generation Nexters think that American workers have been helped by automation, the outsourcing of jobs, and the growing number of immigrants.

Meet the Millennials

Generation Nexters are also called the Millennials. Another study of this generation concludes that they are "nicer" in many ways than the prior two generations, Generation X (GenXers), born between 1966 and 1980, and the Baby Boom generation, born between 1946 and 1965. For prospective employers, there is good news in the findings of the study conducted by two professors at Emory University's Goizueta Business School, particularly in the ways Millennials compare with GenXers in their attitudes. The following statistics on agreement with certain statements are examples of the sharp contrast between the generations:

- *Authority figures should set and enforce rules.* Nearly 70% of Millennials agreed with this statement, but only about 40% of GenXers agreed.

continued on next page

- *I trust authority figures to act in my best interest.* Only 40% of GenXers agreed with this statement, but 60% of Millennials agreed.
- *I feel comfortable asking for special treatment.* Almost 60% of Millennials agreed with this statement, and only 40% of GenXers agreed.

Other conclusions drawn from the study are that Millennials do not want to work for work's sake. Instead, they are looking for work with meaning and significance. Andrea Hershatter, one of the professors who conducted the study, said, "They need to understand what the organization stands for and what their role in it is; they are much less likely to be focused on their next step in terms of career progression, and more likely to care about making a meaningful contribution in their workplace."

Caveats for recruiters

Millennials have had structured lives, Hershatter said. She bases this conclusion on their experience. "They have been protected and directed since early childhood. The helmets they have worn during every potentially dangerous physical activity are a great symbol of their early years. From 'nanny-cams' to after-school programs, to teaching-to-the-test, to early (and binding) college admissions, they have been shielded from unstructured time and unknown outcomes their whole lives. They have not had to be big risk-takers thus far." Consequently, if the situations that they run into are less structured and more ambiguous than what they've experienced, they may have difficulty coping with them.

Another professor involved in conducting the study, Molly Epstein, cautions that as Baby Boomers retire, employers will need to make adjustments to attract and retain employees. If they "maintain the status quo," she said, "Millennials are likely to up and leave. They will leave a job in the first month or months . . . They are also very confident in their ability to find another job."

Fostering Family Business Success

An experienced family business consultant offers guidance to family business leaders on ensuring their company's future.

A

well known statistic about family businesses is that fewer than one-third of them pass successfully to a second generation.

The failure rate of family businesses can be attributed to the unique challenges they face, according to Edward D. Hess, an adjunct professor of management and organization at Emory University's Goizueta Business School and founder and executive director of The Center for Entrepreneurship and Corporate Growth and The Values-Based Leadership Institute. In addition, he has an active multigenerational family business consulting practice. He also has written several books on organizational development and leadership, the latest of which is *The Successful Family Business: A Proactive Plan for Managing the Family and the Business* (Praeger Publishers, 2005, ISBN: 0-2759888).

Hess explains, "The added complexity of family dynamics causes most family businesses to operate, to adopt strategies, and to make decisions differently from non-family businesses." To succeed, Hess says, "Leaders of family businesses must learn the processes and attitudes that are needed to manage family versus those that are needed to manage the business. Families factor family needs, hopes, and fears into their business decisions, and only family businesses have sibling or cousin rivalries, jealousies, and competition for parental love, approval, and financial favor. Family dynamics and ways of communicating and making decisions all can interfere with business decisions."

Rules for family business leaders

How then does a family business leader manage the complex family dynamics in a way that makes the business successful?

In his 25 years of working with family businesses, Hess has learned rules that leaders must live by if they want to sustain their business.

1. Proactively and peremptorily manage both the business and the family.
2. Accept the probability of reoccurring family business issues that will have an impact on the business, create financial pressures, and have different impacts on different family members. The issues will change as the family expands and as the family ages because family members' emotional and financial needs change as their life circumstances change.
3. Develop an analytical framework or template that takes into account the differing and changing perspectives of the business, the family, and non-family member employees and shareholders.
4. Develop a process for managing the surfacing of and the debate of family business issues. This process should be based upon and reinforce the key values most important to the leader and the family. Family values will be an overriding factor in mitigating jealousies, rivalries, and personal financial self-interest.



This issue features information on PCPS advocacy efforts, networking opportunities for members, and great conference and training choices.

PCPS EC to Comment on Mobility ED

The PCPS Executive Committee constantly monitors standard-setting and regulatory activities that will have an impact on our members. As part of that effort, the Executive Committee is preparing comments on proposed changes to the Uniform Accountancy Act that are meant to make it easier for CPAs to serve clients across state lines.

An AICPA/NASBA exposure draft proposes, among other things, to drop the notification requirement contained in Section 23 of the Uniform Accountancy Act, a step that the Executive Committee strongly advocates. Currently, under this requirement, CPAs must notify state boards when providing services in another state, a provision that has created onerous burdens for practitioners in smaller firms. The Executive Committee is very much in favor of strong, uniform regulations that allow CPAs to serve clients without regard to geographic location and that protect the public interest. As a result, the Executive Committee is planning to weigh in with comments that articulate the small firm perspective on this important issue. We'll provide more information in future issues.

PCPS Network Groups: Get Involved!

Have you signed up for a PCPS Firm Size Network Group? These popular gatherings offer practitioners the chance to share their experiences and insights with other CPAs from firms of similar size. In an informal, collegial setting, members work together to discuss common goals, concerns, and objectives and brainstorm about solutions. Organized into small, medium, and large firm network groups, they meet twice a year and create their own agendas. Information about future meetings and past agendas can be found at <http://pcps.aicpa.org/Community/Firm+Size+Network+Groups.htm>.

Save the Date: Practitioners Symposium 2007, June 4-6

News on hot niches, great practice management ideas, and insights into technical issues will be on the agenda at this year's AICPA Practitioners Symposium, which will take place on June 4-6 (with an optional pre-conference session on June 3) at the Sheraton Wild Horse Pass Resort & Spa outside Phoenix. The presenters will include a mixture of practitioners with successful practice ideas and top consultants. And PCPS members receive a \$100 discount. More information can be found at <https://www.cpa2biz.com/CS2000/Products/CPA2BIZ/Conferences/Practitioners+Symposium+2007.htm>.

[com/CS2000/Products/CPA2BIZ/Conferences/Practitioners+Symposium+2007.htm](https://www.cpa2biz.com/CS2000/Products/CPA2BIZ/Conferences/Practitioners+Symposium+2007.htm).

The Emerging Partners Training Forum: Contact Information

As we mentioned last month, the AICPA PCPS team has been actively involved in planning this year's Emerging Partners Training Forum. The two-day session, which focuses on preparing promising future leaders to take on management responsibilities, was sold out when it was held last July. To learn more about the Emerging Partner Conference, contact Mark Koziel at mkoziel@aicpa.org.

Membership in PCPS is more valuable than ever. Join now for \$35 per CPA, up to a maximum of \$700, by visiting pcps.aicpa.org/Memberships/Join+PCPS.htm or by going to www.aicpa.org/pcps and clicking the "Join PCPS" button on the home page. If you are already a member but haven't activated your access to the online Firm Practice Center or haven't shared your unique activation link (sent to you this past summer) with others in your firm, now is the time to do so. Contact the AICPA Service Center at 1-888-777-7077, Option 3, or at service@aicpa.org for assistance or for more information.

Letters to the Editor

The Practicing CPA encourages readers to write letters on practice management issues and on published articles. Please remember to include your name and telephone and fax numbers. Send your letters by e-mail to pcpa@aicpa.org.

IFAC Issues Proposal to Revise Independence Standards

On December 29, 2006, the International Federation of Accountants (IFAC) released an exposure draft containing significant revisions to the independence standards of the IFAC *Code of Ethics for Professional Accountants* (the IFAC Code). As a member body of IFAC, the AICPA considers all proposed revisions to the IFAC Code and determines what revisions, if any, may be appropriate to harmonize with the AICPA Code of Professional Conduct. A number of revisions being proposed to the IFAC Code are more restrictive than that of the AICPA and, if adopted, may have a significant impact on AICPA members. Accordingly, AICPA members are encouraged to comment on this important proposal. Comments are due to IFAC by April 30, 2007. The exposure draft is accessible at <http://www.ifac.org/Guidance/EXD-Details.php?EDID=0075>

Privacy Principles Target Broader Business Audience

In an effort to reach a broader business audience, the AICPA and the Canadian Institute of Chartered Accountants recently published *Generally Accepted Privacy Principles (GAPP) Global Privacy Framework*. The release of GAPP is available in two versions, one for business and management and the other for CPAs in public practice who provide consulting and attestation services. A downloadable version of GAPP, along with additional information about the development and additional privacy resources, can be found at <http://infotech.aicpa.org/Resources/Privacy/Generally+Accepted+Privacy+Principles/Generally+Accepted+Privacy+Principles.htm>.

"An expert is a person who has made all the mistakes that can be made in a very narrow field."

— Niels Bohr

ISO Certified

ADDRESS SERVICE REQUESTED

Palladian Corporate Center
220 Leigh Farm Road
Durham, N.C. 27707
(800) CPA-FIRM
Fax (919) 490-4329

PCPS/The AICPA Alliance for CPA Firms

Non-Profit Organization
U.S. POSTAGE
PAID
American Institute of
Certified Public Accountants